

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-10 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 L-03 ITC-01
PA-01 FTC-01 /074 W
-----001208 261011Z /23

R 221437Z MAR 78
FM AMEMBASSY DAMASCUS
TO SECSTATE WASHDC 7319
INFO AMCONSUL ALEXANDRIA
AMEMBASSY AMMAN
AMEMBASSY ATHENS
USINT BAGHDAD
AMEMBASSY BEIRUT
AMEMBASSY CAIRO
AMCONSUL DHAHRAN
AMEMBASSY DOHA
UQMRA/AMEMBASSY JIDDA 2037
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY SANA
AMEMBASSY TEL AVIV
AMEMBASSY TRIPOLI
USDOC WASHDC
AMEMBASSY TUNIS

C O N F I D E N T I A L DAMASCUS 1606

TUNIS PLEASE PASST TO FSI DENNIS MICHAUD

E.O. 11652: GDS
TAGS: ETRD, SY
SUBJ: ARAB BOYCOTT: DEALING WITH BOYCOTT OFFICE QUESTIONNAIRE/
ENFORCEMENT PRACTICES

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REF: STATE 062525

1. AS STATE/TREASURY/COMMERCE DELEGATION LEARNED DURING
ITS OCTOBER 1977 VISIT TO DAMASCUS, CENTRAL BOYCOTT OFFICE
(CBO) POSITION, AS STATED BY ITS COMMISSIONER GENERAL
MAHJOUB, IS THAT A COMPANY WHICH FAILS TO RESPOND TO A
BOYCOTT QUESTIONNAIRE AFTER A REASONABLE PERIOD OF TIME

IS DEEMED BY ITS SILENCE TO HAVE CONCEDED TRUTH OF ACCUSATIONS AND BECOMES BOYCOTTED. THERE WAS NO HINT IN THIS MEETING WITH MAHJOUB OR IN SUBSEQUENT MEETINGS WITH CBO OFFICIALS OF ANY GIVEN IN CBO PRACTICE OF USING BOYCOTT QUESTIONNAIRE AS A ROUTINE INVESTIGATIVE AND ENFORCEMENT DEVICE.

2. CBO, LIKE OTHER INTERNATIONAL BUREAUCRACIES, IS AMENABLE TO PRESSURE FROM MEMBER GOVERNMENTS OF ITS PARENT ORGANIZATION (THE ARAB LEAGUE). WE ARE UNAWARE, HOWEVER, OF ANY PRESSURES AT PRESENT FOR CBO TO GIVE UP USE OF BOYCOTT QUESTIONNAIRE. IN ANY GIVEN CASE, MOREOVER, AS MANY ARAB LEAGUE MEMBER GOVERNMENTS MAY WISH TO SEE U.S. FIRM PLACED ON BOYCOTT LIST AS KEPT OFF IT. IN ADDITION, DESPITE PAST RUMORS TO THE CONTRARY, LOCAL BUSINESS AGENTS WHO HAVE DEALTH WITH CBO ARE UNANIMOUS IN AFFIRMING THAT NEITHER MAHJOUB NOR BARQI ARE AMENABLE TO ACCEPTING BRIBES.

3. CBO IN THE PAST HAS FREQUENTLY DEALT INFORMALLY WITH LOCAL AGENTS OF U.S. BUSINESSES DESPITE FORMAL PROHIBITION AGAINST IT. IN CONTRAST, CBO HAS CONSISTENTLY REFUSED TO DEAL WITH LOCAL ATTORNEYS OR EVEN U.S. ATTORNEYS OF AMERICAN COMPANIES UNLESS THEY ARE HOUSE COUNSEL. POSITION HAS BEEN THAT CBO WISHES TO DEAL WITH PRINCIPALS ONLY.
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4. WITH RESPECT TO AN EMBASSY INQUIRY AND/OR REPRESENTATION TO CBO REGARDING A PARTICULAR FIRM OR TRANSACTION, WE CANNOT WITH CONFIDENCE PREDICT CBO REACTION. IN PAST DEPUTY COMMISSIONER GENERAL BARQI HAS RECEIVED ECONOMIC OFFICER CORDIALLY AND HAS BEEN WILLING TO ANSWER CERTAIN SIMPLE INQUIRIES INFORMALLY. WHEN DETAILED QUESTIONS ARE ASKED, HOWEVER, HE HAS BECOME VERY FORMAL, INSISTING THAT ALL INQUIRIES BE IN WRITING AND CBO WRITTEN REPLY BECOMES THE FINAL WORD ON THE MATTER. MAHJOUB HAS ALWAYS BEEN CORDIAL BUT CORRECT. ACCURATE EVALUATION, THEREFORE, OF EXTENT TO WHICH CBO MAY BE RESPONSIVE TO EMBASSY APPROACHES CAN ONLY BE DETERMINED BY FURTHER TESTING. SINCE IT IS UNCLEAR TO EMBASSY HOW FAR IT CAN DEAL WITH CBO WITHOUT ITSELF BEING IN VIOLATION OF USG REGULATIONS, COMPREHENSIVE GUIDANCE ON THIS POINT WOULD BE APPRECIATED (SEE THEROS/SMALL LETTER OF FEB. 10, 1978).

5. WITHIN SYRIAN GOVERNMENT THERE ARE POSSIBLY TWO MINISTERS WHO MIGHT BE INCLINED TO SUPPORT U.S. POSITIONS ON BOYCOTT MATTERS. THEY ARE KNOWN TO BE WESTERN-

ORIENTATED, HOWEVER, AND MUST BE EXTREMELY CAUTIOUS IN HOW THEY APPROACH BOYCOTT MATTERS. EMBASSY FOR ITS PART WOULD NOT WISH TO EXPOSE THEM UNNECESSARILY SINCE THEY HAVE PROVEN HELPFUL ON VARIETY OF BILATERAL MATTERS AND SINCE THEIR PRESENCE IN SYRIAN CABINET IS AN IMPORTANT MODERATING FORCE.

6. FURTHER COMPLICATION IS FACT THAT COMMISSIONER GENERAL MOHAMMAD MAHJOUB AND DEPUTY COMMISSIONER GENERAL BAYOUM BARQI ARE BOTH EGYPTIANS LIVING IN DAMASCUS. ACCORDING TO LOCAL BUSINESSMEN, THEY ARE EXTREMELY ANXIOUS IN CURRENT ATMOSPHERE TO PRESERVE THEIR ARAB CREDENTIALS AND CREDIBILITY OF CENTRAL BOYCOTT OFFICE TO SYRIANS WHILE AT SAME TIME NOT CONFIDENTIAL

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APPEAR AS TRAITORS TO EGYPT. CONSEQUENTLY, THEY CAN BE EXPECTED TO FOLLOW A NARROW AND CORRECT INTERPRETATION OF THEIR MANDATE. IN ADDITION, MAHJOUB PROBABLY BELIEVES THAT A HARD LINE REPUTATION WILL HELP HIM REMAIN IN OFFICE WHEN HIS CURRENT TERM EXPIRES THIS SUMMER. REGARDING BOYCOTT QUESTIONNAIRES, IF AN ARAB LEAGUE MEMBER STATE OR A RESPONSIBLE ARAB OR FOREIGN SOURCE RAISES A QUESTION ABOUT A U.S. COMPANY AND THE ARAB BOYCOTT, AND THAT QUESTION IS NOT FRIVOLOUS ON ITS FACE, CBO WILL SEND A QUESTIONNAIRE. IF THE QUESTIONNAIRE IS NOT ANSWERED, CBO WILL PLACE COMPANY ON BOYCOTT LIST. IN THIS, AS IN OTHER MATTERS, WE CANNOT EXPECT MAHJOUB AND BARQI TO EXERCISE MUCH INDEPENDENT JUDGMENT (JIDDA 1933 PROVIDES OTHER INTERESTING INFORMATION ON THIS MATTER).

7. OVER SHORT TERM, THEREFORE, WE FORESEE NO POSSIBILITY OF COMPROMISE ON PART OF CBO ON MATTER OF QUESTIONNAIRES. IN LONGER TERM, IF CBO SEES THAT A SIGNIFICANT PERCENTAGE OF COMPLAINTS ORIGINATE WITH A FIRM'S COMPETITORS (AS IS INCREASINGLY THE CASE), IT MAY BE PERSUADED TO DISREGARD ANY COMPETITOR-ORIGINATED ACCUSATION. ALSO, OVER TIME, CBO MAY SEE VALUE IN DEVELOPING MORE COMPREHENSIVE IN-HOUSE RESEARCH FACILITIES WHICH COULD LESSEN RELIANCE ON QUESTIONNAIRES. LIKEWISE, SOME COMPANIES MAY HAVE ENOUGH INFLUENCE WITH SOME ARAB GOVERNMENTS TO BRING ENOUGH PRESSURE ON CBO TO KEEP IT FROM COMPLETING BOYCOTT ACTION. THESE WILL BE THE EXCEPTION, HOWEVER, AND NOT THE RULE. FOR THE FORESEEABLE FUTURE WE BELIEVE THAT BOYCOTT QUESTIONNAIRES WILL CONTINUE TO BE USED EXTENSIVELY BY CBO AND THAT AMERICAN BUSINESSMEN WILL BE PLACED AT A DISADVANTAGE VIS-A-VIS THEIR FOREIGN COMPETITORS BY NOT BEING PERMITTED TO REPLY. CONFIDENTIAL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, BOYCOTTS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
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Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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From: DAMASCUS
Handling Restrictions: n/a
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Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 62525
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3243268
Secure: OPEN
Status: NATIVE
Subject: ARAB BOYCOTT: DEALING WITH BOYCOTT OFFICE QUESTIONNAIRE/ ENFORCEMENT PRACTICES CONFIDENTIAL
TAGS: ETRD, SY
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/bc6cc1bf-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014